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7 April 1959

TO: Assistant Director for Research and Reports  
FROM: Chief, Economic Research Area  
SUBJECT: Activity Report for the Month of March 1959

Current and Other Support Activity

1. DRA support for OCI during March included several articles dealing with new developments in Sino-Soviet Bloc military and economic aid programs for the underdeveloped countries. The actual effects on these programs of current political activities in the UAR, Iran and Iraq were of special interest. Articles also reported on the changes in Gosplan leadership, a new Soviet Committee for automation, other possible steps in the continuing reorganization of Soviet administration, modifications in the Chinese "Leap Forward", the North Korea economy and developments in the Eastern European collectivization drives and wage/norm reform. Watch Committee support also continued at a high level. Other developments requiring considerable attention were: logistic developments in East Germany which increased Group Soviet Forces Germany readiness; Soviet Engineering Directorate deliveries to China; and the effect on bloc military and economic aid programs of the US-Iran treaty and the UAR-Iraq-Soviet triangle.
2. Deputy Chief, D/A, participated in meetings of the Economic Sub-Committee of the Ad Hoc Intelligence Working Group, convened by the NATO Standing Group, for the preparation of the NATO Standing Group Report 161/12, Report of the Soviet Bloc Strength and Capabilities. Personnel of Services Division also contributed to a State Department estimate of effects of various NATO economic measures on Soviet policy regarding access to West Berlin.
3. Chief, Economic Research Area, accompanied by Chief, D/A, briefed Mr. Bowman, Chief, Division of Statistical Standards, Bureau of the Budget on the "Development of Input-Output Analysis in Soviet Economic Planning."
4. Chief Economic Research Area, and Chief, D/S, spoke on "Developments in US and Bloc Aid Program in 1958" at the first meeting of the National Chamber of Commerce's ad hoc committee on the Communist Economic Offensive.
5. M/NF prepared for a member of Congress, a statement on Soviet imports and consumption of copper.

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6. Chief, D/I, briefed the NSC Planning Board on results and methods of ORR military economic studies on the USSR, and the NSC Staff on the process and results of economic intelligence research on Soviet industry.

7. Members of I/PE provided information to USIB counterparts as follows: information to Department of the Army, G-2, on locomotive production and [REDACTED] of diesel locomotives in the USSR; information to the Department of State regarding Western aid for a Soviet chemical plant; and information to AFCIN-3 on missile and tractor production at Dnepropetrovsk. I/PE also prepared a bibliography on Soviet diesel engine production for Mr. William Turpin, Department of State, [REDACTED]

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8. M/FP provided support to the Office of Secretary of Defense concerning an inquiry from SACEUR on status of oil pipelines in East Germany.

#### Research, Planning and Program Development

9. Open source material recently received combined with existing material have enabled S/TR to estimate for the first time the magnitude of the dependence of the USSR and European Satellites on Free World merchant shipping service for movement of their seaborne foreign trade. The determination of the magnitude of this service represents a "break-through" in intelligence research and will be of considerable value to the US [REDACTED] intelligence communities. 25X1X7

10. All branches of the Area participated in the FY 1960 program review with Chief and Deputy Chief, ERA.

11. I/GM is continuing to investigate methods of machine handling of data which might prove useful in support of several research projects now underway. Discussions have been held with OTR on certain of these. Mrs.

25X1A9a [REDACTED] met with representatives of OSI and NSA to discuss a proposed pilot study which would involve machining certain data possibly common to both the guided missiles and AE fields.

25X1A9a [REDACTED] OTR is preparing a staff study of this program and will coordinate it with OTR. Mrs. [REDACTED] and OSI personnel also met with representatives of the 25X1A5a1 [REDACTED]

#### Intra Agency Activities

12. The Office of Training is currently presenting a training course for DD/P case officers on the subject of "Scientific and Technical Collection". Much of this course is concerned with the guided missiles field which OTR and most other Agency components associated principally with OSI. Discussions between I/GM and OTR personnel during March have resulted in an improved understanding by OTR of the role of ORR in assessing the production and deployment aspects of the Soviet missile program. As a result, OTR has requested I/GM assistance in this project. I/GM will participate by lecturing and providing materials and suggestions for the course.

Members of I/GM also participated in a training course for OO Contact Specialists on the collection of guided missiles intelligence information and presented briefings on industrial observations and Soviet missile production and deployment indicators.

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13. I/ME briefed [REDACTED] OSI, on the status of Soviet computer production, in connection with his assignment as the Agency representative to the Comparative Evaluations Group studying Soviet computer technology.

14. The AD/OSI sent to the AD/RR suggestions for future ORR research in the field of nuclear energy. The memo is being studied in M/EP and comments will be prepared for the signature of the AD/RR.

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15. In March, visitors from [REDACTED]

atives included: aspects of Soviet aircraft production; guided missiles program; military manpower and expenditures; the Soviet Seven Year Plan; the Soviet budget; economic conditions in the European Satellites; transportation problems; and Communist Chinese production of motor vehicles. Chief, D/I, also briefed [REDACTED] on the results and methods of ORR military economics studies on the USSR. 25X1X7

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25X1X7 16. Mr. [REDACTED] D/A, briefed the [REDACTED] US Intelligence Community. Subject of this briefing was "Recent Developments in Soviet Economic Planning".

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25X1X7 17. Mr. [REDACTED] S/CST, spoke with Mr. [REDACTED] regarding Bloc civil defense. The discussion developed the fact that [REDACTED] are in close accord on Bloc civil defense. [REDACTED] is receiving an increasing number of inquiries from high policy-makers on this facet of Bloc activity. [REDACTED] 25X1X7

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25X1X7 18. Deputy Chief, I/GN briefed [REDACTED] on current estimates of Soviet missile capabilities and production and deployment programs. Considerable emphasis in the briefing was placed on collection approaches which may provide significant information on the Soviet missile program. The visitor indicated he probably could contribute in this field if the guidance could be provided. 25X1X7

Export Control

19. Support for export control activity has increased during recent months. The following intelligence support was rendered by ERA:

a. Chief, I/ME, participated in a COCOM list review at Wright-Patterson Air Force Base. Representatives were present from State, Commerce, Defense, and CIA. The review included all the electronic items presently on International List 1, and a few recent technical developments were discussed to determine areas where this list should be expanded.

b. I/PE provided information on Bloc metalworking equipment to the COCOM metalworking task group at the Department of Commerce and discussed the fact sheets on bearings and Bloc bearing production.

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c. N/CN provided intelligence support through S/TD to the inter-agency Advisory Committee on Export Policy in connection with a large number of requests for licenses to export chemical plants and technical data to Soviet Bloc countries.

d. S/TD and S/COM cooperated in preparing intelligence support and technical assistance for the Department of State in its top-level efforts to prevent West European export of communications cable to the USSR and thus mitigate a potential threat to US security.

20. Members of S/TD participated in a meeting of the Port Security Committee to consider a simultaneous concentration of three Polish vessels and one Bloc chartered vessel in East Coast and Gulf ports. Comments were also prepared for the DD/I on Department of State's proposals to revise paragraphs of NSC 5802/1 and NSC 5808/1 on which the Port Security Program is based.

US-USSR Delegations Exchange Program

21. N/PM reviewed and commented upon a series of technical reports to be published by [REDACTED]

22. N/AG prepared and forwarded an evaluation of the US-USSR Agricultural Exchange Program, 1958, to the USIB Ad Hoc Committee on Exchanges.

23. N/PP gave support to the Department of State on proposals for a US hydrotechnical delegation to the USSR.

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25. N/CN, in an effort to improve the intelligence collection effort

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26. S/TR has been requested to assist Mr. [REDACTED] on plans for a proposed visit to the USSR. [REDACTED]

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Miscellaneous

27. The Chief, St/PB, accompanied by the Chief, St/PB/A, visited the Statistical Office of the United Nations in New York City on 23 and 24 March and obtained much valuable information relating to the work of St/PB/A.

28. Analysts from various branches of ERA engaged in research on the Communist Far East attended sessions of the annual meeting of the Association for Asian Studies held this month in Washington.

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